California

Volume 7, Issue 5 May 2003

William (Bill) J. Lyons, Jr.
Secretary

Department Calls Hearing

The Department has scheduled a public hearing to consider amendments to the milk movement incentives as provided in the Pooling Plan for Market Milk (Pooling Plan) and the Stabilization and Marketing Plans for Market Milk for the Northern California and Southern California Marketing Areas (Stab Plans). The hearing will be held on June 4, 2003, beginning at 9:00 a.m., in Sacramento, at the Holiday Inn Capitol Plaza, 300 J Street, in the California Room.

The petition received from Land O'Lakes proposed amendments to the transportation allowance and transportation credit system, respectively, in the Pooling Plan and Stab Plans. The Department broadened the call of the hearing to include other sections of the Pooling Plan and the Stab Plans that deal with related issues, including transportation credits and allowances, milk movement requirements, and regional quota adjusters.

The Department will accept alternative proposals for consideration at the hearing - these proposals must be received by the Department's Dairy Marketing Branch, 560 J Street, Suite 150, by 4:00 p.m., April 28, 2003. Alternative proposals can be faxed to (916) 341-6697 or mailed to: Hearing Officer, Dairy Marketing Branch, California Department of Food and Agriculture, 1220 N Street, Sacramento, CA 95814. In addition to a signed copy, please e-mail a copy of the proposal to: dairy@cdfa.ca.gov for posting to the web site.

To assist interested persons in preparing for the hearing, a public workshop will be held on May 22, 2003, at the Holiday Inn Capitol Plaza, 300 J Street, Sacramento, in the Grenada Hermosa Room, beginning at 9:00 a.m. At this workshop, interested persons can review and discuss all the proposals with Department staff and other interested parties. The Department will supply background and analysis of the petitions and alternative proposals submitted by the April 28, 2003 deadline. The workshop will be informal and educational in nature and discussion during the workshop will not be part of the official hearing record. Hearing information is also accessible on the Department's web site at www.cdfa.ca.gov/dairy. From the web site, click on "Public Hearings."

The Department's entire hearing exhibit will be available for public inspection at the Sacramento office site, 560 J Street, Suite 150 on May 26, 2003.

If any interested party has questions regarding the call of the hearing, please contact Eric Erba or Tom Gossard at (916) 341-5988.

In This Issue. . .

March Milk Production

Milk production in California for March 2003 totaled 3.1 billion pounds, up 3.8 percent from March 2002. USDA's estimate for U.S. milk production for March 2003 in the 20 major dairy states is 13.0 billion pounds, up 1.5 percent from March 2002. Production per cow in the 20 major states averaged 1,664 pounds for March, which is 10 pounds above March 2003.

Minimum Class Prices

Statewide average hundredweight prices

Class	April	May
1	$11.77	$11.86
2	$10.23	$10.23
3	$10.08	$10.08
4a	$ -------	-----
4b	$ -------	-----

Federal Order and California Minimum Class 1 Prices

Average Hundredweight Prices

Regions	April	May
Phoenix, Arizona	$11.99	$12.06
Southern California	$11.91	$12.00
Portland, Oregon	$11.54	$11.61
Northern California	$11.63	$11.72
Boston (Northeast)	**$12.89**	**$12.96**

Quota Transfer Summary

For March 2003, five dairy producers transferred 14,420 pounds of SNF quota. March quota sales averaged $495 per pound of SNF (without cows), an average ratio of 2.45. For April 2003, ten dairy producers transferred 9,308 pounds of SNF quota. April quota sales averaged $469 per pound of SNF (without cows), an average ratio of 2.43.

Alfalfa Update: April

Northern California: April showed a light test on every quality of alfalfa as rain showers hitting areas consistently and not enough new sales for any type of comparison. What few sales were reported showed rain damage or high moisture problems. Pressure continues on new hay due to continuing low prices on milk.

Southern California: Premium and Supreme alfalfa was steady with supply mostly Premium, showing faults of one kind or another. Low milk prices continue to affect demand for new crop hay. Antelope Valley producers have started some production but rain is slowing progress. Fai r and Good alfalfa not well tested. Retail and Stable hay steady with light demand and supplies. Exporters beginning to show interest in new production.

Supreme Hay Prices

Statewide average prices per ton

Area	4/4	4/11	4/18	4/25
Petaluma	--------	--------	$135-140	$140
North Valley[1]	$145	$140	$140-155	$147-153
South Valley[2]	$145-155	$135-155	$135-155	$145-150
Chino Valley	$129-135	$132-137	$135	$132-135

[1] North Valley is Escalon, Modesto and Turlock areas.
[2] South Valley is Tulare, Visalia and Hanford areas.

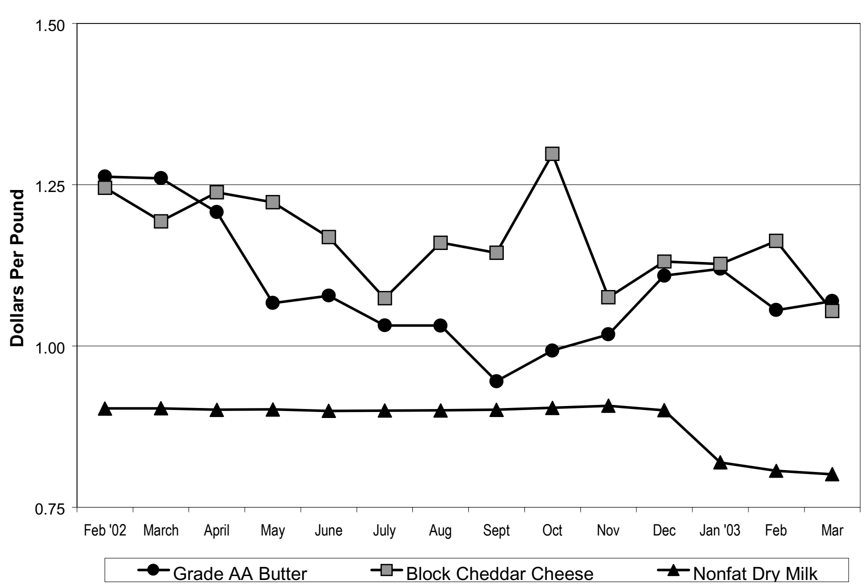
Alfalfa Hay Sales/Delivery

	March	April
Tons Sold[1]	69,930	129,559
Tons Delivered[2]	27,204	62,185

[1] For current or future delivery.
[2] Contracted or current sales.

Alfalfa hay sales, deliveries and Supreme quality prices per ton, delivered to dairies, as reported by the USDA Market News Service, Moses Lake, WA, (509) 765-3611, http://www.ams.usda.gov/marketnews.htm

Grade AA Butter, Block Cheddar Cheese, and Nonfat Dry Milk Prices Used in the Calculation of California Class 1 Milk Prices



Details of the Pricing Formulas *(Part 2 of 4)*

by Dr. Eric Erba, Sr. Agricultural Economist

In last month's California Dairy Review, we explained the details of the Class 4a pricing formula. On a total solids basis, Classes 4a and 4b comprise the largest share of the milk pooled in California. The Class 4a pricing formula is the least complex of the all of the pricing formulas, and, as such, we used it to kick off the discussion of the details of the pricing formulas.

The basic concept of end–product pricing, as illustrated in the discussion of the Class 4a formula last month, remains the same when reviewing the Class 4b formula. Also, the timing of the price calculation is the same with Class 4b as it is with Class 4a. Class 4b and 4a prices are calculated retroactively, meaning that the prices are calculated "after–the–fact." For example, the February Class 4b price is not calculated until the end of February.

Determining the minimum price that California processors must pay for Class 4b involves several steps:

1. Calculate the Class 4b fat price in the same manner that the Class 4a fat price is calculated or, alternatively, set the Class 4b fat price equal to the Class 4a fat price if it is already available.
2. Calculate the simple average of the Chicago Mercantile Exchange (CME) 40 pound block Cheddar cheese price. For the calculation, use price data released from the 26th of the prior month to the 25th of the current month (for example, use price data from January 26th to February 25th to calculate the February price).
3. Compare the calculated CME price to the federal support purchase price for block Cheddar cheese, which stands at $1.1314 per pound currently and select the higher price.
4. Adjust the Cheddar cheese price by the manufacturing cost allowance and yield.
5. Add to this cheese value the value of whey butter and dry skim whey using the corresponding adjustment factors.
6. Using the total value of cheese and by–products, subtract off the value of butterfat to obtain the value of solids–not–fat.
7. Calculate the equivalent hundredweight price for milk testing 3.5% fat and 8.7% solids–not–fat.

The following schematic shows how all of the elements of the pricing formula interact. With the exception of the cheese, butter or dry skim whey price series that are referenced, all factors in the formula are constant from month to month until they are amended through a public hearing.

The difference between the CME butter price and the price that California processors receive for butter.

Butter yield; can produce 1.2 lbs of butter from one pound of fat.

Step 1: Price of Class 4b fat = (Butter price – $0.0332 – $0.132) x 1.2

The **higher of** the market price per pound of Grade AA butter at CME or the federal support purchase price for butter.

Manufacturing cost allowance; the amount deducted from the product price to compensate for the processor's costs.

(Continued on next page)

Pricing Formulas *- Continued from page 3*

The **higher of** the market price per pound of Grade AA butter at CME or the federal support purchase price for Cheddar cheese.

The difference between the CME block Cheddar cheese price and the price that California processors receive.

Cheese yield; can produce 10.2 lbs. of cheese from 100 lbs. of milk.

Step 2: Product value = (Cheddar price – \$0.0321 – \$0.175) x 10.2

+ (CME AA butter –\$0.10 – \$0.132) x 0.27

+ (Western Dry Whey –\$0.17) x 5.8

Market price per pound of Grade AA butter at the Chicago Mercantile Exchange.

Whey butter yield; can produce 0.27 lbs of whey butter from 100 lbs. of milk.

Market price per pound of dry whey using the Western (mostly) prices.

Manufacturing cost allowances; the amount deducted from the product price to compensate for the processor's costs.

Dry skim whey yield; can produce 5.8 lbs. of dry whey from 100 lbs. of milk.

Adjustment to reflect the value of whey butter relative to CME Grade AA butter price.

Average percent of fat in raw milk used in Cheddar cheese plants

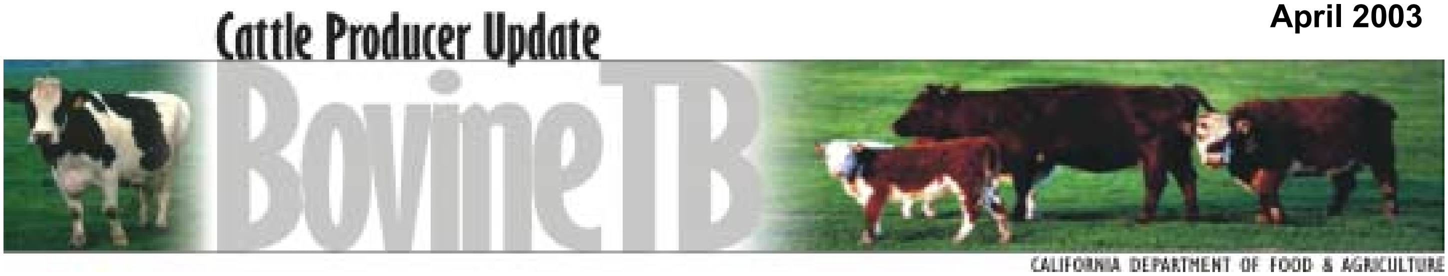
$$\text{Step 3: Price of Class 4b SNF} = \frac{\text{Product value} - (3.72 \times \text{Price of Class 4b fat})}{8.\ 80}$$

Average percent of SNF in raw milk used in Cheddar cheese plants

Once the fat and SNF price have been calculated, the Class 4b price per hundredweight is easily obtained. The hundredweight price uses a standardized milk test, containing 3.5% fat and 8.7% SNF. Therefore, the Class 4b hundredweight price is:

(3.5 x price of Class 4a fat) + (8.7 x price of Class 4a SNF)

In the next issue of the California Dairy Review, look for a review and explanation of the pricing formulas for Classes 2 and 3.



Bovine Tuberculosis in California

On April 25, 2003, the United States Department of Agriculture (USDA) removed California from its list of tuberculosis (TB) accredited-free states because three TB-affected herds were detected within a 48-month period. California is now classified as a TB modified accredited advanced State.

The California Department of Food and Agriculture (CDFA), USDA, and the cattle industry are working together to control and eradicate bovine TB from California.

Update

Since May 2002, bovine TB has been confirmed in three California dairy herds. All herds were quarantined, test-positive cattle were destroyed, and the remainder of the herds depopulated.

After removing cattle, the premises must be thoroughly cleaned and disinfected before quarantines can be released to allow cattle to be restocked. Cattle sold from or associated with the affected herds are being traced and tested.

Investigation of a TB-infected cow found in September 2002 at a California slaughterhouse is ongoing.

As of March 30, 2003, 231,682 cattle in 155 herds have been tested for bovine TB since this investigation began, and about 13,000 cattle have been depopulated during this investigation.

Cumulative Since May 13, 2002	
Herds tested	155
Number of animals tested	231,682
Number of herds quarantined	3
Number of cattle destroyed	~13,000
Average number of field personnel	15

As of February 2003, we recommended a TB test within the current fair season on exhibition dairy cattle more than 6 months of age from Tulare, Kings and Fresno Counties.

Impact on California

With the downgrade from TB-free to modified accredited advanced, all sexually intact cattle and bison leaving California require official identification and a certificate stating that they were negative to an official TB test done within 60 days prior to the date of movement unless moved:

- To slaughter at an approved slaughtering establishment;
- From an accredited herd and accompanied by a certificate stating that the accredited herd completed the testing necessary for accredited status with negative results within one year prior to the date of movement.

The new TB requirements do not apply to sexually intact heifers moving to feedlots, steers and spayed heifers until September 30, 2003. The USDA is reviewing its regulations used to determine a state's TB status, and expects to publish a new rule by this date.

The USDA will consider comments on the rule changing California's TB status until June 24, 2003.

Agreements developed with neighboring states ease the TB testing requirements on breeding beef cattle moving interstate annually for grazing on an approved Pasture-to-Pasture permit. Breeding beef cattle 24 months of age and older require a TB test within 12 months of application for the permit, and subsequently every 3 years to continue to move annually while California is less than TB-free.

When moving cattle out of California, always check with the state of destination for their TB testing requirements.

Plans

CDFA, USDA, and the cattle industry are working together to control and eradicate bovine TB from California. Current plans to enhance the California TB program include:

- Continue testing all 600 dairy herds in Tulare, Kings, and Fresno Counties (~773,000 milking cows), prioritizing dairies that recently received out-of-state cattle.
- Require a TB test before importing dairy cattle into California.
- Restrict Mexican cattle to "pre-approved" pastures.

California can reapply for accredited free status in April 2005 provided that no additional infected herds are detected.

CDFA Animal Health Branch Offices	
Sacramento (HQ)	916-654-1447
Modesto	209-491-9350
Ontario	909-947-4462
Redding	530-225-2140
Tulare	559-685-3500
Tulare TB Task Force	559-687-1158
CDFA Milk and Dairy Foods Control Branch Offices	
Stockton	209-466-7186
Oakland	510-622-4810
Fresno	559-445-5506
Ontario	909-923-9929
USDA/APHIS/VS	
916-857-6170 or 877-741-3690	

National Dairy Situation and Outlook – USDA Estimates

Milk Production and Cow Numbers

Monthly: Compared to 2002, USDA estimates that overall milk production across the U.S. was up 1.5% in March, led by Idaho's 8.9% growth in milk production (on 14,000 more cows and 90 more pounds per cow). California's estimated production was up 3.4% (on 60,000 more cows and 5 less pounds per cow). Among other western states, Arizona was up 0.3%; New Mexico up 7.8%; and Washington up 1.9%. Three of the top 10 states reported a decrease or no change: New York, no change; Minnesota -2.4%; and Pennsylvania -1.2%.

Quarterly: For the first quarter of 2003 compared to the fourth quarter of 2002, U.S. milk cow numbers were up 0.5% at 9.155 million, production per cow was up 0.9%; the net effect was a 1.4% increase in milk production to 43.0 billion pounds. USDA projects that for the second quarter of 2003 compared to the first quarter of 2003, U.S. milk cow numbers will decrease 25,000 cows to 9.130 million cows, production per cow will be up 3.6%; the net effect would be a 3.3% increase in milk production to 44.4 billion pounds.

Milk Prices

Comparing the first quarter of 2003 to the fourth quarter of 2002, U.S. average milk prices were down $0.63/cwt. to $9.89/cwt. USDA projects that for the second quarter of 2003, U.S. average milk prices will be down $0.50-0.75/cwt. compared to the first quarter; including a $0.05-0.35/cwt. Class 4b price decrease and a $0.00-0.40/cwt. Class 4a price decrease.

Utility Cow Prices

Comparing the first quarter of 2003 to the fourth quarter of 2002, average U.S. utility cow prices were up $4.50/cwt. to a national average of $40.32/cwt. USDA projects that utility cow prices will rise to $44-46 levels in the second quarter of 2003.

Information from the USDA-NASS publication "*Milk Production*" and the USDA-ERS publication: "*Livestock, Dairy, and Poultry Outlook.*"

Dairy Marketing Branch Relocation Complete . . .

The Division of Marketing Services, including the Dairy Marketing Branch, (DMB) was relocated to the Downtown Mall office space at 560 J Street. The mailing address will remain 1220 N Street, Sacramento, CA 95814, however, the DMB staff are now housed in Suite 150 at 560 J Street. Thank you for your patience during this transition period. Phone and fax numbers will be referred to the new numbers for a few months, however, please make note of the new numbers now in use:

Dairy Marketing Branch phone (916) 341-5988 and fax (916) 341-6697.
Milk Pooling Branch phone (916) 341-5901 and fax (916) 341-5995.

The milk price information phone number 1-800-503-3490 will remain the same and the (916) 442-MILK price information line will also remain unchanged.

CALIFORNIA HAY HARVESTING INTENTIONS DOWN FOR 2003

Some say decline in hay acres due to increased wheat and cotton acres

By Seth Hoyt, California Agricultural Statistics Service

All acres to be harvested for hay in California in 2003 were estimated at 1,460,000, down 11 percent from 2002. This is the lowest hay acres in the California crop intention report since 1996. A breakdown of alfalfa and other hay will not be available until the next acreage report on June 30, 2003. Industry sources were on target with their predictions that increased wheat and cotton acres would lower alfalfa hay acres. It appears that wheat plantings had more impact than cotton on alfalfa hay acres with wheat planting intentions up 85,000 acres from a year ago.

A few industry sources have predicted a 5-8 percent drop in alfalfa hay acres in California in 2003. That would be a decline of between 55,000 and 90,000 acres from 2002. We'll have to wait until June 30 to get the official estimate. With a few exceptions, most seed company representatives I spoke with said alfalfa seed sales were down from last year, with a few having significant declines. The March 15, 2003 acreage report from the Imperial Irrigation District (IID) showed 160,925 acres of alfalfa hay in the Imperial Valley. This is down 11 percent from a year ago or nearly 20,000 less acres than in 2002. Imperial Valley could see further alfalfa hay declines in the coming weeks as growers are facing Workers Compensation Insurance increases, higher fuel costs and bearish dairy hay buyers. Imperial Valley growers are pulling out older stands or weedy fields. Growers report they cannot afford to spend the money to clean up alfalfa fields. They are looking for alternative crops to plant and sudan appears to be one of them.

Sources were predicting in recent months that sudan hay acres in the Imperial Valley would decline by as much as 20 percent in 2003 (IID March 15 report showed sudan hay acres down 24 percent from a year ago). However, it appears that there has been a dramatic turnaround. Some are now predicting a 5 to 20 percent increase in acres. Early contract prices on sudan hay in Imperial are strong and Japanese buyers are becoming more aggressive as hay supplies from Australia tighten due to drought the past year. Sources indicated that sudan hay acres will be down in central and northern California in 2003, with a significant drop reported in the Sacramento Valley. One seed company said their sudan hay seed sales were down sharply in the northern San Joaquin and Sacramento Valley.

Sources also believe overall oat hay plantings were down in California. While some areas were down there are a few that are up. According to IID, oat hay acres in the Imperial Valley are up nearly 2,500 acres or 38 percent above 2002 with most, if not all of this going for export. The IID also reported on March 15 that bermuda hay acres in the Imperial Valley were up 2 percent from a year ago at 46,675 acres and Kleingrass hay was unchanged at 9,900 acres.

Hay Carryover

It appears that I misjudged what effect a 14 percent increase in hay stocks on December 1, 2002 would have on the early 2003 alfalfa hay market in California. With the dairy industry in California basically in a survival mode and with many dairy producers carrying more hay inventory than last year it makes sense that early demand for alfalfa hay in the Imperial Valley would be lighter than a year ago. Some dairy producers had enough inventory to delay new hay purchases. This was evident with first cutting in the Imperial Valley. Normally when a large amount of first cutting alfalfa in the Imperial is rained on, the market for non-rain damaged milk cow quality alfalfa hay would surge higher. That did not happen this year. Market News reported Supreme and Premium alfalfa hay prices in the Imperial Valley the week ending March 28, 2003, were steady-to-weak at $100.00-$110.00 per ton. These prices were $22.00-$26.00 per ton below a year ago. My original analysis may have been correct if the dairy industry was in better financial condition.

2003 Hay Supply Fundamentals

With an 11 percent decline in hay acres in California and 4 percent fewer hay acres in the seven western states, a 10 percent reduction in alfalfa hay shipped into California in 2002 compared to 2001 (lowest yearly shipments since 1993), continued strong growth in dairy cattle numbers in California the past year, and with very good export demand (west coast hay exports to Japan and Korea up 50-to-60 percent for the first two months of 2003 compared to a year

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ago) one could argue that the alfalfa hay market in 2003 should be at least steady with 2002. It appears that the poor financial condition of the California dairy industry and the negative impact on demand may override the positive factors mentioned above.

The only other factors I can think of that could be positive for 2003 alfalfa hay prices would be if spring rains or drought in other western states reduced supplies of milk cow quality hay, a larger than normal amount of alfalfa hay is taken out of production during 2003, or if milk prices recover sooner than predicted. Spring rains in California may help Premium and Supreme alfalfa prices but they won't help the dry cow hay market. Some dairy economists predict that farm milk prices may not recover until the general economy and consumer demand for dairy products improve. According to the California Department of Food and Agriculture (CDFA), current milk prices are at a 25-year low. Milk production was up in 2002 compared to 2001 but some say that before September 11, 2001, the increased consumer demand for dairy products was keeping pace with higher milk production. Sources state that some other agricultural commodities have also found consumer demand for their food products still not back to pre-September 11, 2001 levels.

Feed costs are one of the few areas where dairy producers can reduce expenses. It is true that the cows have to eat, but dairy producers can be creative, especially when they are trying to survive. Southern desert alfalfa hay growers report that dairy hay buyers were very bearish in the early 2003 season. Imperial Valley growers are concerned that with top alfalfa hay currently trading at $100.00 to $110.00 per ton, fob, what is their average hay price going to be for the year? Growth in dairy cow and heifer numbers in California have driven the alfalfa hay market in recent years. Will that growth slow in 2003 due to financial losses in the dairy industry? The dairy cow slaughter in California and nationally is running about 10 to 11 percent above a year ago. Dairy replacement heifers shipped into California from out-of-state for the first two months of 2003 were down 39 percent from the first two months of 2002, according to CDFA.

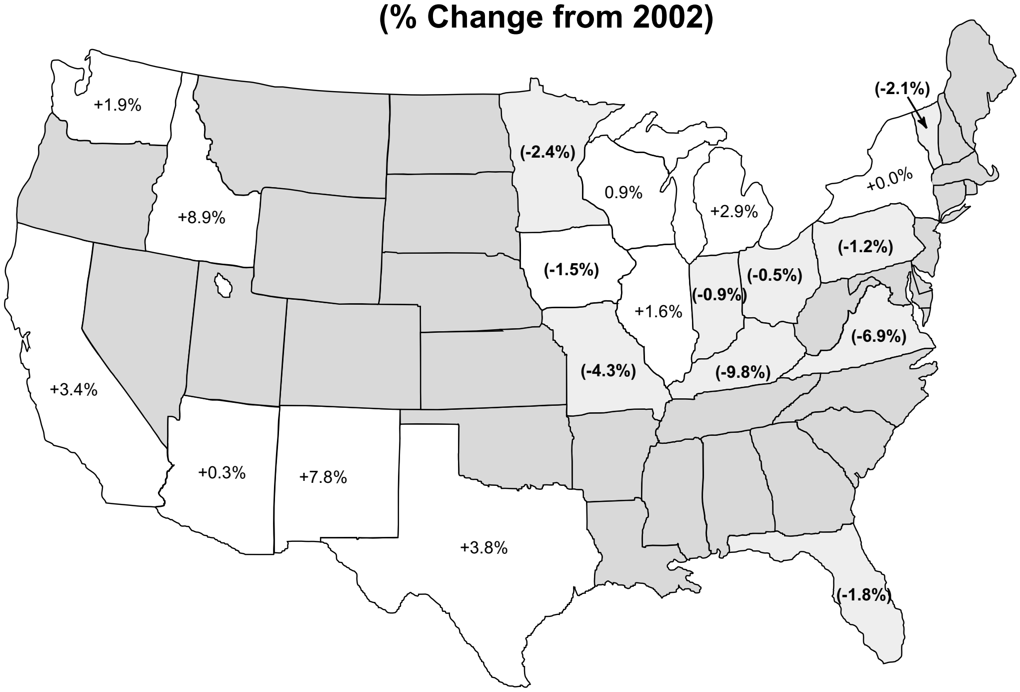
Outlook

Although I cannot give my personal opinion on acres, production, yield, stocks, etc., I have enjoyed the challenge of giving my personal opinion on hay markets. You probably noticed in the last article I did not say much about early 2003 hay prices in California. Trying to predict the alfalfa hay market in 2003 is like walking through a mine field. Until the dairy industry returns to profitability, or at least periods of profitability, it is difficult to follow historical hay supply/demand fundamentals. Will strong export demand for alfalfa hay bring more stability to the horse quality alfalfa hay market than the higher and lower quality alfalfa hay markets? Time will tell. The early market on export quality oat hay could be strong based on demand for old crop supplies. There were reports in early March of fairly good quality (not fancy) old crop oat hay in barns in north central California trading for $100.00 per ton, fob, for export. A strong oat hay export market could also impact oat hay prices paid by California horse owners.

The bottom line: Challenges in the dairy industry were being felt in the early 2003 alfalfa hay market in the southern California desert. The sooner the general economy and consumer demand for dairy products improve and milk prices recover, the better the outlook for California' s alfalfa hay industry. Growers closer to the major dairy areas in central California will be at an advantage as dairy producers try to hold their delivered hay costs as low as possible. This was evident the first week of April, 2003 when a few early new crop sales of 55-to-56 TDN alfalfa hay in the southern San Joaquin Valley traded at $123.00 to $130.00 per ton, fob, with a 20-mile haul. If alfalfa hay production turns unprofitable in some areas of California, hay growers will look for alternative crops to plant and may continue to reduce alfalfa acreage.

March Milk Production in the Top 20 States

(% Change from 2002)



For the U.S. overall, comparing March 2003 to March 2002:

- Milk production during March was up 1.5%
- The number of cows on farms was 9.157 million head, up 47,000 head
- Production per cow averaged 1,642 pounds, 10 pounds more than March 2002

Milk Production Cost Index for California

Month	North Coast 1/		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
	Dollars per Hundredweight									
January	13.86	13.90	12.97	13.00	12.90	12.68	13.10	12.95	13.0110	12.8796
February	13.86	13.90	12.97	13.00	12.90	12.68	13.10	12.95	13.0110	12.8796
March			12.50		12.49		12.98		12.6245	
April			12.50		12.49		12.98		12.6245	
May			12.50		12.94		13.05		12.8019	
June			12.50		12.94		13.05		12.8019	
July			12.59		13.57		13.42		13.1835	
August			12.59		13.57		13.42		13.1835	
September			12.89		13.39		13.70		13.2803	
October			12.89		13.39		13.70		13.2803	
November			12.99		12.78		13.26		12.9767	
December			12.99		12.78		13.26		12.9767	

1/ Beginning with the January-February 2003 cost period, Del Norte/Humboldt and North Bay cost regions are combined and reported as the North Coast Region.

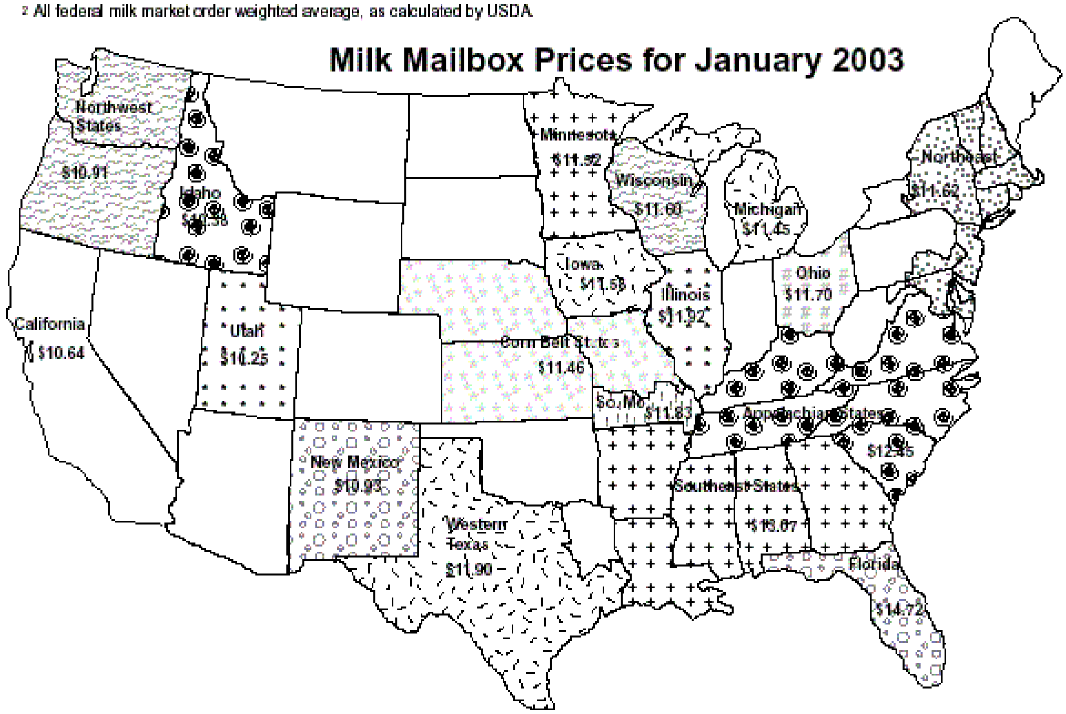
Hundredweight Pool Prices

Month	Quota	Overbase
November '01	$13.67	$11.97
December	$12.93	$11.23
January '02	$13.18	$11.48
February	$12.53	$10.83
March	$12.37	$10.67
April	$12.41	$10.71
May	$12.06	$10.36
June	$11.60	$ 9.90
July	$11.28	$ 9.58
August	$11.48	$ 9.78
September	$11.58	$ 9.88
October	$11.84	$10.14
November	$11.44	$ 9.74
December	$11.48	$ 9.78
January '03	$11.40	$ 9.70
February	$11.11	$ 9.41
March	$10.93	$ 9.23

Milk Mailbox Prices in Dollars per Hundredweight

	July	August	September	October	November	December	January '03
California [1]	$10.11	$10.35	$10.58	$10.94	$10.69	$10.68	$10.64
USDA[2]	$10.95	$11.18	$11.40	$12.00	$11.75	$11.69	$11.61

[1] California mailbox price calculated by CDFA.
[2] All federal milk market order weighted average, as calculated by USDA.



In January 2003, mailbox milk prices for selected reporting areas in Federal milk orders averaged $11.61 per cwt., $0.08 less than the figure for the previous month. Most of this month-to-month decrease results from lower Federal milk order minimum producer milk component prices and tests. The component tests of producer milk in January 2003 were: butterfat, 3.76%; protein, 3.05%; and other solids 5.70%. On an individual reporting area basis, mailbox prices decreased in 11 reporting areas and increased in 6 areas, and ranged from $14.72 in Florida to $10.25 in Utah. In January 2002, the Federal milk milk order all-area average mailbox price was $13.34, $1.73 higher.

Note: Effective with this report, the Iowa reporting area has been removed from the Corn Belt States reporting area and is reported separately. The Northern Missouri reporting area has been added to the Corn Belt States reporting areas.